

Message Text

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ACTION EB-07

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TAGS: EAIR, TU

SUBJ: CIVAIR: RESTRICTIVE FOREIGN AIRLINE PRACTICES

REF: STATE 023125

1. DISCUSSION WITH PANAM MANAGER HERE REVEALS FOLLOWING
RESTRICTIVE OR DISCRIMINATORY PRACTICES:

PERHAPS MOST ONEROUS RESTRICTIVE PRACTICE FELT BY US CARRIER
RELATES TO GOVT. REGULATIONS CONCERNING PAYMENT OF ROYALTIES AND
FEES FOR AIRPORT HANDLING SERVICES. THESE FELT TO BE MOST SERIOUS
BECAUSE FINANCIAL CHARGES APPEAR TO BE TOTALLY ARBITRARY, ARE
COSTLY AND INVOLVE AMERICAN CARRIER IN LAWSUIT WHICH HAS BEEN
INSTITUTED AGAINST CARRIER BY LOCAL HANDLING FIRM. THIS PROBLEM
IS ONE WITH WHICH EMB. AND DEPT. FAMILIAR AND WHICH EMB. HAS
RECENTLY MADE EFFORTS TO HELP RESOLVE.

2. GOT ALSO ASSESSING LIFT TAX ON ALL US CARRIER PASSENGERS
ARRIVING IN TURKEY AND DEPARTING ON SAME FLIGHT OF CARRIER. FOR
EXAMPLE, FOR GROUP FARE FROM LONDON TO HONG KONG VIA ISTANBUL
THERE IS SUBSTANTIAL REDUCTION ON THAT FARE. HOWEVER, GOT
ASSESSSES ON EACH INDIVIDUAL A LIFT TAX ON PORTION FROM ISTANBUL
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TO HONG KONG WITH COMPLETE DISREGARD FOR GROUP TRAVEL FARE. THIS

INVOLVES BOTH DOUBLE TAXATION AND INEQUITABLE ASSESSMENT OF TAX.
US CARRIER CURRENTLY HAS CASE IN COSWT ATTEVATING TO OVERTURN
THIS PROVISION.

3. THERE IS ALSO WIDESPREAD USE OF GOVERNMENT-ORDERED FARES
WHICH NATIONAL AIRLINE OR POOL PARTNER PERMITTED TO USE, IN
WHICH US CARRIER NOT PERMITTED TO PARTICIPATE. FOR EXAMPLE, FOR
STUDENTS AND TURKISH WORKERS NATIONAL CARRIER AND POOL PARTNER
GIVEN 60 PER CENT REDUCTION IN FARE. IN THE CASE OF ISTANBUL-
LONDON ROUTE THE NATIONAL CARRIER AND POOL AIRLINE OPERATE A ROUND-
TRIP FARE THAT IS 22 PER CENT LOWER THAN THE NORMAL ONE-WAY FARE
BETWEEN THESE POINTS, WHICH IS AVAILABLE TO ALL PASSENGERS.
GOVERNMENT REGULATIONS ALSO REQUIRE OFFICIAL AND QUASI-OFFICIAL
TRAVEL TO BE MADE ON NATIONAL AIRLINE.

4. THERE ARE A NUMBER OF OTHER PRACTICES THAT DISCRIMINATE AGAINST
THE NON-NATIONAL CARRIER. THESE ARE: (A) "SLOWNESS" AND
"DIFFICULTIES" IN CONFIRMING INTERNAL SEGMENT ON FLIGHT THAT
ORIGINATES OUTSIDE OF TURKEY ON NON-TURKISH CARRIERS;
(B) DELAYS IN SCHEDULING OUTGOING CARGO WHICH ORIGINATES
ON LOCAL CARRIER BUT WHICH IS TO BE CARRIED FROM TURKEY BY
INTERNATIONAL AIRLINE; (C) FROM TIME TO TIME TRAVEL AGENTS
REPORTEDLY ARE THREATENED WITH REMOVAL OF DOMESTIC TICKET
STOCKS UNLESS THEY INCREASE THEIR SALE OF INTERNATIONAL TICKETS
ON TURKISH AIRLINES.

5. US CARRIER INDICATES THAT THERE ARE NO FOREIGN EXCHANGE
REGULATIONS WHICH FAVOR NATIONAL AIRLINE AND THAT CURRENCY
CONVERSION REGULATIONS AND PRACTICES FOR DOLLAR REMITTANCES
OF LOCAL EARNINGS ARE SLOW BUT THERE ARE CURRENTLY NO DIFFICULTIES.

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